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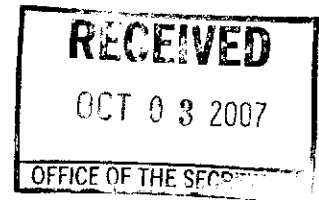
Norges Bank Investment Management

ABP
Investments

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HERMES
HERMES INVESTMENT MANAGEMENT LIMITED

The Honorable Christopher Cox
Chairman
The U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549-1090
USA



September 28, 2007

Re: "Shareholder Proposals Relating to the Election of Directors" (File Number S7-17-07) and "Shareholder Proposals" (File Number S7-16-07)

Dear Chairman Cox,

We thank you for our earlier dialogue on the proxy access issue and the opportunity to bring forward our comments to the above-mentioned releases to you and the other members of the Commission.

As institutional investors, the undersigned European institutional asset managers, Hermes Investment Management Limited ("Hermes"), Norges Bank Investment Management ("NBIM"), Stichting Pensioenfonds ABP ("ABP") and Stichting Pensioenfonds PGGM ("PGGM"), collectively have over \$ 915 billion under management, of which over \$ 260 billion is invested in US securities markets.

We are long-term owners in the U.S. market, both indexed and actively managed. As such we have an interest in a well-functioning market, and support the Commission in its long-standing work to ensure the best possible regulatory environment. We find, however, that there are still problems in exercising basic shareholder rights in many U.S. listed companies, because shareholders often have limited influence over the election of their board members. As described below we are worried about the consequences of this lack of good governance. We would therefore like to raise some

issues on the proposed amendments that purport to open up the process for more shareholder-driven governance improvements.

General comments on proxy access and accountability

The intensified discussion over the last year on so-called proxy access, and the SEC's recent work on the issue, are promising as they address the need for strengthening shareholders' ability to elect their common representatives on company boards, and thus increase the accountability of boards towards the owners of the company collectively. We would see such increased accountability as a major improvement of corporate governance in the U.S. A lack of accountability, still faced in many corporations today, constitutes a source of risk.

Shareholder influence in the composition of boards helps to build a proper system of checks and balances between managers (agents) and the board representing the principal. We recognise that the adoption of majority voting in an increasing number of companies, and the removal of classified board structures in an increasing numbers of companies, are significant trends that enhance accountability. However, the ability to nominate alternative candidates for consideration, at reasonable cost, is a feature that is usually lacking, and that in some circumstances can be crucial in improving accountability. Progress on the accountability of corporate boards will positively affect the attraction of U.S. equity for international investors.

Shareholders' right to propose board candidates

In our opinion shareholders should be granted a right to propose board candidates other than those proposed by the incumbent board, and this right should be accompanied by practicable procedures that ensure that the proposal reaches all shareholders in time to be considered for the vote at a general meeting. Many jurisdictions worldwide have incorporated similar measures with positive effects. The excessively costly option of launching a proxy fight does not offer a practical alternative, and, in any case, often distracts from the main issues.

Shareholders' right to propose governance measures

In our opinion, owners of a company should be granted the opportunity to propose measures they see as improvements in the governance of that corporation. We see discussions about governance at the company as a strength and not as a problem. Furthermore, we believe that progress towards greater accountability of the board, so that shareholders can be assured that the board works as their trustees, will over time result in lower need for activity around non-binding shareholder proposals.

Against this background, we appreciate that the SEC in one of its two releases proposes to institute a right for shareholders to propose governance changes related to director elections. Letting such proposals come forward will give shareholders a better opportunity to show support for what they see as needed reforms.

We strongly advise the SEC not to close the door for shareholder proposals to amend or adopt bylaws that deal with proxy access as considered in one of the two proposals